

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

SB 1590 – HB 1771

January 31, 2014

SUMMARY OF BILL: Imposes an annual privilege tax of \$1,000, due by December 31 of each year, for each office operated by licensed deferred presentment service businesses and requires the proceeds from the tax to be deposited in the General Fund.

ESTIMATED FISCAL IMPACT:

Increase State Revenue – \$1,249,000

Assumptions:

- According to the Department of Financial Institutions, the Department currently regulates 1,249 deferred presentment services locations.
- The recurring increase in state revenue to the General Fund is estimated to be \$1,249,000 (1,249 x \$1,000).
- According to the Department's 2012 annual report, the average deferred presentment services company examined in the report made a profit of \$89,046 during the calendar year 2011. Therefore, it is estimated that the imposition of the \$1,000 annual privilege tax will not result in a reduction in the number of licensees.
- The Department of Financial Institutions will collect the privilege tax and ensure compliance with the provisions of the bill within existing resources. Any increase in expenditures to the Department is estimated to be not significant.

IMPACT TO COMMERCE:

Increase Business Expenditures – \$1,249,000

Jobs Impact – Any decrease in the number of private sector jobs in Tennessee is considered not significant.

Assumptions:

- Approximately 1,249 deferred presentment services companies will be licensed annually in Tennessee and will be required to pay the \$1,000 privilege tax.

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- The total recurring increase in business expenditures is estimated to be \$1,249,000 (1,249 x \$1,000).
- Based on the Department's 2012 annual report, the average salary expense for companies examined in the report during the calendar year 2011 is estimated to be \$138,394. This number is assumed to remain constant in subsequent years.
- The estimated increase in business expenditures resulting from this bill represents 0.72 percent of the total salary expense for each location (\$1,000 / \$138,394). Therefore, any decrease in the number of private sector jobs in Tennessee is estimated to be not significant.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "Lucian D. Geise". The signature is fluid and cursive, with the first name "Lucian" and last name "Geise" clearly distinguishable.

Lucian D. Geise, Executive Director

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